

# CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE

## Protecting California Agriculture's Bottom Line

The year 2001 was marked with immense challenges and timely opportunities for California agriculture. In response, lawmakers at both the state and federal levels worked hard this past legislative session to improve agriculture's bottom line.

As Governor Davis stated, "We're investing in farmers to keep California No. 1 in agriculture." For that reason, this year's state budget was the best for agriculture in a generation, and it also contained the largest tax cuts for agriculture since 1965.

The Golden State's commitment to its agricultural community remains strong. Special energy incentives, tax cuts, and additional funds to combat the glassy-winged sharpshooter and Pierce's disease are just a few examples of the commitment by the governor, state and federal lawmakers and the California Department of Food and Agriculture to protect and promote our state's bountiful harvest.

### EMERGENCY AGRICULTURAL ASSISTANCE ACT OF 2001

The governor invested a total of \$500,000 in the coalition of five state departments of agriculture known as NFACT (New Mexico, Florida, Arizona, California and Texas). The NFACT mission, since its inception two years ago, has been to help diverse agricultural communities gain greater recognition at the federal level, most notably for specialty crops, livestock, poultry and aquaculture.

With the strength of NFACT's congressional representatives, in August 2001 Congress passed a new multi-billion dollar federal program. As part of this legislation, California will receive nearly \$64 million in a block grant to the California Department of Food and Agriculture. Throughout October 2001, the department hosted listening sessions with the aim of determining the best approach for use of these funds. The department was most interested in hearing from the men and women who are affected by agriculture's recent challenges—our state's farmers and ranchers.

*"Western Growers Association  
and its members would like to  
extend their heartfelt thanks  
to you, Secretary Lyons and  
Governor Davis, for your  
ground-breaking efforts to  
provide financial relief to a  
sagging agriculture industry  
and economy."*

*A.G. Kawamura, Chairman of  
the Board, Western Growers  
Association*

### BUY CALIFORNIA CAMPAIGN

Despite California's rich agricultural bounty, studies indicate that only 27 percent of our residents eat the five daily servings of fresh fruits and vegetables recommended by leading health experts. To further promote consumption of California-grown agricultural products by California consumers, Governor Davis advanced a partnership between government and industry—the Buy California campaign.

The idea of a statewide marketing campaign began at the grassroots level and was thrust into the spotlight in 2001 as the governor and Legislature approved \$5 million in seed money. Then, at the governor's request, Congress approved additional federal funds.

By promoting California agriculture, the marketing campaign will communicate food safety, quality and state pride. The ultimate goal is to help persuade some 30 million Californians to choose homegrown fruits and vegetables when they shop.

### SPECIAL TAX INCENTIVES FOR AGRICULTURE

We all know that staying in the black is not easy in agriculture. Assembly Bill 426, introduced by Assemblyman Dennis Cardoza and signed into law by Governor Davis, contains the most expansive tax cuts for agriculture in the past 30 years. In 2001 alone, this bill is worth more than \$50 million in state sales tax exemptions. Over the course of the next decade, this bill will mean hundreds of millions in savings for the agricultural industry. These tax cuts will spur equipment purchases, resulting in higher productivity and greater profitability.

#### **\$24 million for tractors and parts**

This provision gives a 5 percent tax break on tractors and parts. In real terms, if a farmer or rancher were to buy a \$100,000 piece of equipment, with the new tax break they would keep \$5,000 that would normally go to taxes. If a grower spends \$6,000 in spare parts each year, then \$300 that used to go to the state would stay on the farm and in the local community.

#### **\$22 million tax relief for diesel fuel**

On purchases of diesel fuel for farming and processing, this tax provision means that for a 1,000-gallon bulk tank fill up, the state will no longer take \$75 in sales tax. This equals a 5 percent tax exemption on diesel fuel purchases.

### \$8.3 million in exemptions for propane

On purchases of propane, this allowance provides nearly 8 percent in tax savings. Here's an example: If a farmer or rancher were to fill up a 300-gallon household tank, then \$30 would be saved. If a producer had a 5,000-gallon tank for a food processing operation, then \$500 will go to help the bottom line.

### \$1.6 million tax relief for horse racing breeding stock

The state of California first began to distribute horse racing funds for operational expenses and facility improvements to the network of California fairs in 1933. Today, a portion of horse racing revenues is allocated to California's county fairs and district agricultural associations through the department's Division of Fairs and Expositions. This sales and use tax exemption will not only benefit the California horse racing industry by encouraging more racing, but it will also help to increase revenues available to the state's 78 local fair organizations.

### SPECIAL ENERGY INCENTIVES FOR AGRICULTURE

In the summer of 2001, the governor demanded that any major energy conservation bill must also meet the needs of agriculture. Senate Bill 5X offers state support for agricultural projects such as high-efficiency agricultural equipment and alternative fuels. These measures, plus several others included in the bill, will improve agriculture's energy efficiency and contribute to California's fight for energy independence.

Specifically, the governor targeted \$90 million in grants to the agricultural community for energy conservation projects.

### GLASSY-WINGED SHARPSHOOTER

The governor committed more than \$20 million in state funds over the past two years toward the statewide effort to combat this pest and the disease-causing bacteria it spreads. His leadership has also prompted matching funds from the federal government for the control program as well as a \$7.14 million block grant to compensate affected growers for vine losses due to the glassy-winged sharpshooter and Pierce's disease.

The wine grape industry also came to the table with the passage of Assembly Bill 1394, introduced by Assembly Member Patricia Wiggins. This bill created the Pierce's Disease and Glassy-winged Sharpshooter Board to administer an annual assessment, paid by the industry. This assessment will fund research of integrated pest management and other sustainable

industry practices intended to prevent the further spread of plant-killing bacteria that cause Pierce's disease.

### FOREIGN ANIMAL DISEASES

Despite a lean budget year, the administration committed \$1.4 million to shore up the state's defenses against foreign animal diseases such as foot-and-mouth and mad cow disease. The University of California at Davis estimates that the total cost to California and the United States could exceed \$13 billion if foot-and-mouth should become established here.

Governor Davis, California's congressional delegation and the California Department of Food and Agriculture are very sensitive to challenges facing agriculture in the 21st century. As indicated by these highlights of the 2001 legislative session, there is no doubt that the agricultural industry scored its biggest victory in decades.

## State Board of Food and Agriculture

The California State Board of Food and Agriculture advises the governor and secretary on agricultural issues and consumer needs.

In 2001, the board considered various issues with important implications for California agriculture. Among these issues were the 2002 federal farm policy legislation; foot-and-mouth disease; World Trade Organization Ministerial in Doha, Qatar; priorities for the new federal specialty crop block grant funds; and an overview of how agriculture is portrayed in the media.

The board's 15 members are appointed by the governor and are carefully selected to represent a broad range of

agricultural commodities, a variety of geographic regions, and both the University of California and California State University academic systems.

Members of the board are residents of California and are specially qualified for service through expertise or experience in the following arenas: farm, business, economic, environmental, or consumer affairs. Members serve four-year terms without pay, and appointments do not require Senate confirmation.

The California State Board of Food and Agriculture meets the last Wednesday of every month at the California Department of Food and Agriculture's main auditorium, unless otherwise notified. The public and media are welcome to attend.



Members of the California Department of Food and Agriculture's executive team work in partnership with industry, academia and government to protect and promote our precious heritage and natural resource—agriculture. Seated in this picture is William (Bill) J. Lyons Jr., Secretary. Standing behind Secretary Lyons, from left to right, are Lourminia Sen, Ag/Environmental Science Advisor; Karen Manor, Special Assistant; and Helen Lopez, Special Assistant. Standing in the back row, from left to right, are Vanessa Arellano, Assistant Secretary; Elaine Trevino, Assistant Secretary; Valerie Brown, Deputy Secretary; Steve Lyle, Director of Public Affairs; Bob Wynn, Statewide Coordinator, Pierce's Disease Control Program; Chris Stevens, General Counsel; Dan Webb, Deputy Secretary; and Tad Bell, Undersecretary. Not pictured is Chris Wagaman, Deputy Secretary.

## County Agricultural Commissioners and Sealers of Weights & Measures

The California Legislature first established the county agricultural commissioner system in 1881. Under the original act, the position was referred to as county horticultural commissioner and was charged with protecting and promoting horticultural interests of the state.

Since that time, not only has the name changed, but also the duties and responsibilities have greatly expanded. Today, the county agricultural commissioner and staff are local enforcement agents for the California Department of Food and Agriculture and the California Department of Pesticide Regulation.

County agricultural commissioners are licensed by the California Department of Food and Agriculture and are appointed by their respective county board of supervisors. Commissioners manage programs and agricultural enforcement activities at the county level as mandated by the California Food and Agricultural Code and California Business and Professions Code. Chief among these duties is public safety and protection of agriculture, consumers and the environment.

Pest prevention programs keep pests out of California by screening out-of-state shipments, provide early detection of infestations with the use of traps, and control pests that become established in localized areas of the state.

Enforcement of pesticide regulations protect the public and environment by educating pest control professionals, monitoring pesticide applications and worker safety, and testing for residues in harvested commodities.

Consumer protection entails regulating the quality of eggs, fresh fruits and vegetables; certifying production and regulating local farmers' markets; regulating organic producers; monitoring conditions of nursery products; and assuring the purity and viability of agricultural seed. Commissioners provide apiaary services upon request.

Commissioners prepare annual crop reports, and in the event of natural disasters they complete statistical crop damage assessments to assist with federal crop insurance claim reviews.

In addition to these important functions, most agricultural commissioners also serve as sealers of weights and measures. In this capacity, they perform regulatory testing of weighing and measuring devices. In order to carry out this charge, it is necessary to maintain certified standards that are traceable to the National Institute of Standards and Technology. Equity in the marketplace and protection of the public are accomplished by enforcing the accuracy of net content statements, specialized measurements, petroleum price advertising and weighmaster enforcement.

Accuracy of weights and measures has been important to all segments of society since ancient times. Today, just as then, a very high percentage of items bought and sold are done so by



quantity (weight, measure or count). As the impartial third party in every such transaction throughout the state, the sealer and their qualified inspectors help to ensure equity and fairness in the marketplace.

Some commissioners may also have the added responsibilities of air pollution control, underground storage tank inspections, hazardous materials programs, roadside weed management, domestic animal control, predatory wildlife management, as well as occasionally working on right-to-farm ordinances, and water quality and land use planning issues.

Nearly all of California's 58 counties have an agricultural commissioner and sealer of weights and measures. For contact information, refer to the directory section of this publication.

**NFACT** NEW MEXICO •  
FLORIDA • ARIZONA • CALIFORNIA • TEXAS

### Framework for the Future of Agriculture

*"NFACT gives our coalition the opportunity to express views and encourage bipartisan efforts to secure the future of agriculture. This is critical not only for those who work the land, but also for the millions of consumers around the world who rely on a dependable and affordable food supply."*

*William (Bill) J. Lyons Jr., Secretary  
California Department of Food and  
Agriculture*

### PROTECTING OUR AGRICULTURAL BOUNTY

Agriculture in the five states of New Mexico, Florida, Arizona, California and Texas (NFACT) is a large part of our nation's rich heritage and economy. Abundant agricultural resources in these states supported \$49 billion in cash receipts in 1999, representing 26 percent of the national total.



However, over the last decade the nation's agricultural communities have experienced difficult times. Farmers and ranchers must operate locally, but they compete globally. The result is a cost-price squeeze that is severely impacting their ability to stay in business.

The NFACT coalition is committed to protecting and promoting this bountiful harvest. Further, NFACT wants family farmers and ranchers to thrive and prosper, not just because they are an important source of economic growth, but also because they represent a way of life. They are a unique and indelible part of our national character. Helping our diverse agricultural communities to gain greater recognition at the federal level is the cornerstone of the NFACT mission.

### IMPACTING NATIONAL AGRICULTURAL POLICY

As the 107th Congress, the Bush administration and U.S. Secretary of Agriculture, Ann Veneman, prepared to develop the 2002 farm policy, NFACT saw an opportunity to present national agricultural policy recommendations that would be both fair and inclusive. Each debate provides Congress and policymakers with an opportunity to reexamine federal farm policy, including issues as diverse as pest and disease exclusion, conservation and rural development.

In recognition of the long-term impacts that the next farm policy will have on the agricultural community, NFACT undertook a lengthy study of issues affecting agriculture through a series of listening sessions. Based on input from these forums, NFACT attempted to arrive at consensus on recommendations that will assist farmers, ranchers, consumers and rural residents.

The report generated by this effort, *NFACT: Framework for the Future of Agriculture*, illustrates our resolve to encourage a greater understanding of the agricultural community's needs. Specific recommendations are the result of a two-year process to bring the concerns of agricultural producers in the NFACT states to the table regarding national issues of importance. By bringing hundreds of farmers, ranchers and consumers together, NFACT produced a report that reflects the realities of agriculture today.

In mid-July 2001, *NFACT: Framework for the Future of Agriculture* was hand-delivered to members of Congress, officials within the Bush administration, and interested agricultural and environmental organizations. Briefings were held with the leadership of these groups to garner further support for the recommendations in five major areas of concern: animal and plant health; conservation; international and domestic marketing; research, extension and education; and risk management.

The U.S. House of Representatives' Committee on Agriculture held meetings to discuss specific policy initiatives for the farm legislation (HR 2646, Agricultural Act of 2001). Members of Congress from the NFACT states successfully advocated for several recommendations from the NFACT report. Two programs of particular note are reauthorization of the Market Access Program to \$200 million per year and expansion of the Environmental Quality Incentives Program from \$200 million to \$1.2 billion per year. (Further information regarding this legislation and its current status is available on the Internet at [www.senate.gov/~agriculture](http://www.senate.gov/~agriculture) or [www.agriculture.house.gov](http://www.agriculture.house.gov).)

### NFACT RECOMMENDATIONS

Striking at the fundamental question, NFACT asked, "What should be the federal government's role in farm policy?" A farm

or ranch, like any business, must have the ability to anticipate and meet the needs of its customers and demands of the marketplace. Government policies that provide farmers and ranchers with the tools to promote themselves will allow them to succeed. Thus, specific products grown to meet consumer tastes or targeted at a particular niche market, in some cases, will replace the fungible commodities of yesteryear. This entrepreneurial spirit, long a tradition in NFACT states, is increasingly part of agriculture nationwide.

Farm policy can foster this dynamic, market-oriented approach, or it can unintentionally inhibit its growth by clinging to policies that no longer assist farmers and ranchers. NFACT is looking toward Congress and the United States Department of Agriculture to help

farmers and ranchers adapt to an increasingly diverse international agricultural economy. Assistance in marketing, creation of a level playing field for international competition, tools to manage risk, and other market-based programs will enable producers to meet these challenges.

Regardless of the strategy, policymakers must ensure that they create flexible programs that meet the diverse needs of all agriculture. In sum, NFACT believes that government can play an important role in agriculture. NFACT also believes that producers will make sound business decisions. NFACT therefore advocates for comprehensive programs that support farmers and ranchers while protecting our agricultural community and environmental resources.

An executive summary of NFACT's specific farm policy recommendations—to bolster specialty crops, livestock, poultry and aquaculture—is available on the Internet at [cdfa.ca.gov/nfact](http://cdfa.ca.gov/nfact).

*"As an organization comprised of 300,000 family farmers and ranchers from across the United States, the National Farmers Union shares NFACT's commitment to bringing into the national debate those issues of concern to the country's small farming communities."*

*Tom Buis, Vice President  
for Governmental Relations  
National Farmers Union*

## Progress in the International Fight Against Foot-and-Mouth Disease

When foot-and-mouth disease was diagnosed in the United Kingdom in February 2001, veterinarians from the California Department of Food and Agriculture were deployed to assist with its control and eradication. By the time it was diagnosed, the disease had probably been present in the United Kingdom for several weeks. It is thought to have spread throughout the country by the movement of animals that were incubating the disease, but not showing obvious clinical signs. The first veterinarians to arrive in the United Kingdom were met with an explosive disease situation that had taken the government completely by surprise.

At the height of the foot-and-mouth disease epidemic, authorities identified over 60 infected farms per day. At that time, the emphasis of disease control activities was rapid diagnosis, slaughter of infected and exposed animals, and carcass disposal. From its diagnosis to December 2001, nearly six million animals in the United Kingdom have been destroyed.

While the worst of the epidemic is now over, the disease has not yet been eradicated and continues to have a profound effect in the country. The current emphasis of disease control activities is aimed at restoring a normal state of affairs. Department veterinarians continue to provide important assistance in this area. Examples of the department's work includes surveillance to detect new cases of the disease, inspections and examinations to ensure that animals are free of disease before restrictions are lifted or licenses for movement are granted, blood tests to identify carrier animals, and attention that all national and international requirements are being met in preparation for the United Kingdom to regain its status as free of foot-and-mouth disease.

A total of 11 department veterinarians and one livestock inspector have completed a tour of duty in the United Kingdom. They participated in all phases of the epidemic, from the first response to the initial lifting of restrictions and beginnings of a return to normalcy. Department veterinarians have gained experience and knowledge that will prove invaluable to our mission of protecting animal health here in California.



### CALIFORNIA'S RESPONSE TO FOREIGN ANIMAL DISEASE

The recent outbreak in Europe of foot-and-mouth disease dramatically demonstrates that a strong animal health infrastructure—as well as unprecedented interagency cooperation—plays a crucial role in protecting animal health, food safety, food security, consumer confidence and economic well being. Though this is an animal disease, its impacts can reach all citizens and shake the foundation of government policy and national economies.

Foot-and-mouth disease is considered the most highly communicable viral disease known. It causes severe mouth and foot blistering in cloven-hoofed animals, such as cattle, sheep, swine and deer. Though it is not a public health threat, it is widely feared due to its rapid spread and debilitating effects on stricken livestock. It can spread among animals and between farms in a matter of hours by direct contact and by movements of contaminated people, vehicles and equipment. Severe trade restrictions are placed on affected countries, because the disease can easily spread to unaffected countries by the movement of contaminated animals, meat or dairy products. These trade restrictions can be as devastating to the agricultural economy as the disease itself.

It is estimated that the current crisis in the United Kingdom will cost that country about £5 billion (\$7 billion) by the end of 2001. This cost includes the expense for slaughter, compensation for farmers, and the impact on tourism. This does not include the social and political costs, which have also been unsettling. If this disease were introduced into California's Central Valley, it is estimated that the total cost to California and the United States could exceed \$13 billion, according to a 1999 study by the Agricultural Issues Center of the University of California at Davis.

While this disease has dominated headlines around the world, there are many other animal diseases that would have similar devastating impacts on California. There are at least 15 internationally recognized, highly contagious animal diseases that can have serious socioeconomic or public health consequences and are of major importance for international trade. Thirteen of these diseases are currently foreign to the United States, making potential introduction even more devastating.

Recognizing the significant impact that a foreign animal disease outbreak presents to California, the department continues its long tradition of protecting the state's agriculture from disease. Although California faces increasing disease risks due to international travel and trade as well as intensive farming practices, the department has been able to leverage its resources through an excellent relationship with industry and the United States Department of Agriculture. A crucial new addition to this partnership is the Governor's Office of Emergency Services.

A striking lesson from the recent foot-and-mouth disease outbreak in the United Kingdom is that one department alone does not have the resources to coordinate eradication response efforts in the face of a catastrophic disease outbreak. The California Department of Food and Agriculture has frequently worked with other state agencies in the past, but in recent planning efforts has enjoyed unprecedented cooperation. The Office of Emergency Services has provided the platform to stimulate interagency planning and will provide the framework to coordinate a large-scale interagency response.

In April 2001, the "California Response to Foreign Animal Disease: A Multi-Agency, Statewide Plan for Response" was released to state government and elected officials. It outlines the unified command structure, critical issues for successful eradication of a foreign animal disease, expected state response to a large-scale outbreak, potential impacts of a catastrophic outbreak, and agencies that may be called on to respond.

Successful exclusion, or response if an outbreak occurs, will depend on seamless cooperation among federal, state, local and private interests. The department intends to continue to facilitate these cooperative preparedness efforts.



*"The assistance provided by the California Department of Food and Agriculture will prove invaluable in our efforts to keep foot-and-mouth disease from gaining access to the U.S. and California. This is a shining example of the level of cooperation and stewardship that exists between our two agencies."*

*Helene R. Wright, California  
Plant Health Director  
Western Region, Plant  
Protection and Quarantine  
United States Department  
of Agriculture*

#### **STATE VETERINARIAN ASSISTS IN FEDERAL SAFEGUARD REVIEW**

California's State Veterinarian, Dr. Richard Breitmeyer, recently spent 30 days in Washington, D.C., as a consultant to U.S. Secretary of Agriculture, Ann Veneman. His visit came about as part of a special request to Secretary Lyons from Secretary Veneman during the early months of the new Bush administration.

Dr. Breitmeyer advised both Secretary Veneman and Secretary Lyons on a daily basis regarding the challenges posed by the threat of foot-and-mouth disease.

Working closely with the management team at the United States Department of Agriculture, Dr. Breitmeyer facilitated meetings with state, industry and veterinary organizations to review the nation's current safeguards. Issues

included international exclusion methods, import/export policies, research and diagnostic needs, vaccination policies, and quarantine and response procedures.

"Producers and veterinarians will be the first to see any suspected foreign animal disease," stated Dr. Breitmeyer. "It is essential that state and federal agencies work closely with local veterinarians and livestock industry representatives to both prevent such animal disease outbreaks and respond rapidly should one occur."

